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CCC and Economic Stability

By Louis H. Bean

The interdependence between agriculture and the rest of the economy may be illustrated in many ways. One that has not been shown graphically so far is of the way the operations of the Commodity Credit Corporation tend to be timed to give stability not only to the prices of particular farm commodities but to the industrial conditions as well. Because the agricultural and industrial parts of the economy are so closely interrelated, any action that tends to reduce the fluctuations in price and earnings in one automatically tends to add stability to the other.

Factory Employment and Farm Prices

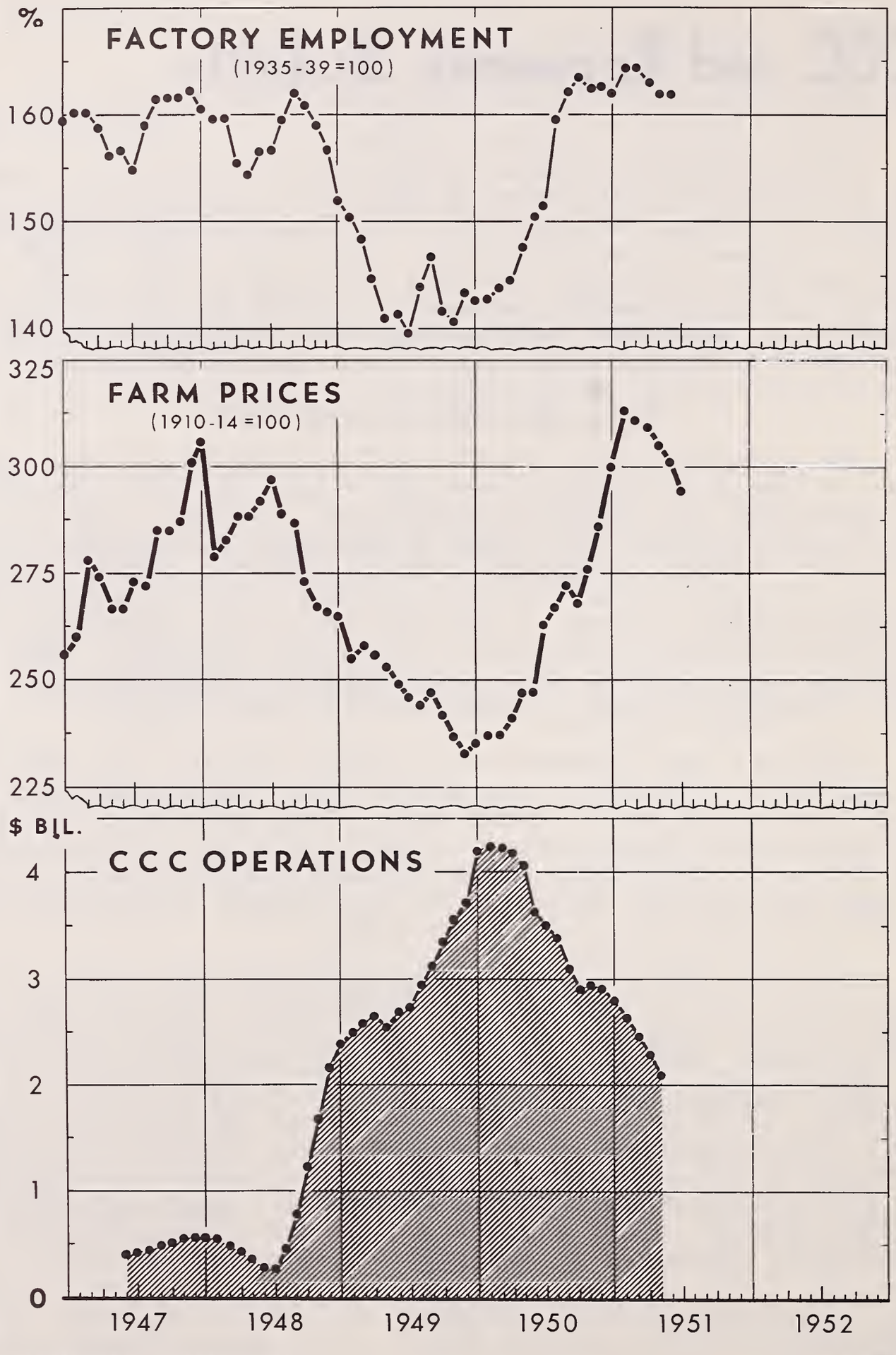
The accompanying chart records the fluctuations in factory employment and farm prices for the years 1947 to 1951, the most recent period of agricultural and industrial recession and recovery. A fair correspondence exists between the decline in employment and in prices received by farmers beginning in 1948 and to the fall of 1949. In both cases an upturn took place in late 1949, and certainly in the first half of 1950 before the Korean outbreak. In both cases also, that advance was stimulated by the defense developments following the Korean war. Other outstanding correspondences between agricultural price fluctuations and factory payrolls occurred in 1920-22, 1929-33, and 1937-40.

The third item illustrated is the monthly record of CCC operations as indicated by the total investment in price support operations and outstanding obligations to advance funds. These activities, which averaged about half a billion dollars per month during the fiscal year 1947-48, increased substantially in the last half of 1948 and reached a peak of more than 4 billion dollars in the first quarter of 1950. They have since been reduced by about half that amount.

This illustration suggests that CCC operations were instrumental in checking not only the 1948 price decline in grains and other farm products but also the general agricultural-industrial decline that set in during 1948-49. Obviously, the price support program prevented the price of wheat, grains, and cotton from going below support levels. It is, therefore, not at all far-fetched to think of all CCC activities as having a general supporting influence on the entire commodity price structure. It is also appropriate to consider that, but for CCC activities, the general agricultural-industrial downtrend of 1948-49 might have gone farther, possibly taking on more nearly the shape of the 1920-21 deflation that so many people had been expecting after World War II.

The assurance that CCC operations could and would prevent prices from falling far below the support-price levels undoubtedly helped dispel

C C C AND ECONOMIC STABILITY



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the general expectation of a postwar price collapse as severe as that of 1920-21.

CCC operations are not to be taken as the only stabilizing influence at the critical juncture in 1948-49, for a number of other powerful influences were at work then, such as the national wage policy, strong export demand, and Government support of the bond market. But certainly the CCC activities were about as powerful a stabilizing factor as any of the others, and they were something not available at the similar juncture in 1921.

The price support program in its broad aspects is serving now as a production stimulator, just as it did in 1940-41. Special emphasis is being given to expansion in cotton, wheat, and foods grains to meet the needs of the defense program and our international obligations. No crystal ball is needed to foresee the possible emergence one of these days of agricultural surpluses--supplies in excess of usual domestic and foreign demand, just as in the early 1920's and again after World War II. If and when this happens, the price support mechanism will serve again as a stabilizer, as a protection against drastic agricultural price and income deflation, and at the same time as a stabilizer and protector of non-agricultural prices, wages, and profits.

DAIRY PROBLEMS OF WORLD WAR II ANALYZED

The operation of dairy programs during World War II and their effects on markets for fluid milk that were under Federal milk marketing orders are analyzed in a new USDA report. The report is expected to be useful to the dairy industry and the Government as a guide in any emergency that may require extraordinary governmental actions affecting the production and distribution of milk and its products.

The problems encountered in the application of price controls, set-asides, subsidies, and related governmental operations, and how these problems were met, are discussed. Rapid shifts in demand for milk products, particularly the unprecedented increase in consumption of fluid milk, are reviewed together with the measures taken to meet the unusual situations that resulted.

Complexity of the dairy industry caused some of the original wartime regulations to work badly at times, it was found. Some of the orders had to be amended quickly and drastically, and most of them had to be amended several times. Information on these situations therefore may be helpful in any similar situation that develops.

The study was made under authority of the Research and Marketing Act. A copy of the report, "Federal Milk Marketing Orders and Dairy Programs in World War II," may be obtained from the Office of Information Services, Production and Marketing Administration, U. S. Department of Agriculture, Washington 25, D. C.

Price Support in Canada

By A. H. Turner

Canada, like the United States, operates a broad program to support prices farmers receive for their commodities so as to assure them adequate and stable returns and to promote a fair relationship between the income of farmers and non-farmers.

The farm price support program of Canada is based on the proposition that the dependence of Canadian farmers on international trade makes them especially vulnerable to fluctuations in foreign demand and monetary and other conditions affecting exchange rates. Any attempt to hold Canadian farmers' income at a relatively high level requires maintaining agricultural exports at about 30 percent of the total annual farm output. International trade, although of prime importance to many individual segments of U. S. agriculture, does not wield as strong an influence on total U. S. farm income as it does in the country to the north.

Government price support action in Canada is operated on the assumption that if farmers have adequate outlets for what they produce, their economic status will be favorable. Thus Canadian price support legislation exists mainly to provide insurance against occasional market gluts.

Variety of Payments

Assistance to agriculture has included many kinds of payments to aid in marketing, to furnish incentive for increasing or decreasing production, to pay transportation costs in part, and to provide price premiums for better quality products. Most of these Federal schemes of price or income assistance have meant the voting by Parliament of special appropriations, or the enactment of continuing legislation relating to payments and special assistance for a particular commodity.

During the war, overseas contracts played a prominent part in Canadian agricultural stabilization. A number of Government boards set up during wartime to carry out negotiation of overseas contracts along with necessary export and import controls were continued in the postwar period until March 31, 1951, under the authority of the Agricultural Products Act of 1947. During the summer of 1951 one board, namely the Agricultural Products Board, was established under the authority of the Emergency Powers Act to handle future Government action with respect to export and import contracts and related matters insofar as agricultural products are concerned.

Authority for farm price supports in Canada stems from the Agricultural Prices Support Act of 1944. This law is a general legislative enactment to which producers of any agricultural commodity (except wheat,

which is covered by the Canadian Wheat Board Act) may turn if need for price assistance can be established.

The administration of the act is placed in the hands of a three-man Prices Support Board. In addition, an advisory committee composed of Provincial deputy ministers of agriculture and producer representatives of the main commodity groups, with the president of the Canadian Federation of Agriculture as chairman, meets twice a year to make recommendations to the board. The board has at its disposal a revolving fund of $200,000,000 maintained at that level by annual appropriations to cover net losses. Any net returns above cost from support operations are turned over to the Consolidated Revenue Fund annually.

Parliament has instructed the Prices Support Board "to endeavor to ensure adequate and stable returns for agriculture by promoting orderly adjustment from war to peace conditions and to endeavor to secure a fair relationship between the returns from agriculture and those from other occupations."

No Historical Price Formula

In carrying on support operations, the board uses no historical price formula, such as parity, in determining the support level. Decisions as to support levels, as well as the commodities whose prices are to be supported, are left up to the board to recommend to the Government. In other words, there is nothing automatic about Canadian price supports. Price support legislation provides that the board may recommend Government help for any farm commodity, except wheat, including processed meat, dairy, and poultry products.

Price support action is usually initiated when representatives of an interested commodity group present their case before the board. After the board has studied the situation, it makes its recommendation to the Government that assistance be or not be given. The agency also will recommend, if it favors assistance, the prescribed price and the amount of help plus a feasible method of support. If the Cabinet approves, then the support program is put into effect by the board.

While no historical price formula is used to compute a support level, the board, in drawing its support blueprint, considers historical price patterns for the commodity concerned and price levels at which related commodities, if any, are being supported.

Determination procedure also includes a study of the basic cause of the price or income decline and the supply of the commodity, plus the long-range market possibilities for the product. Other economic aspects of the commodity considered in computing a price support program include: Storage and disposal problems likely to be involved, relative efficiency of producers concerned and possible alternative sources of income, number of producers affected and the implications of precedents that would be established.

The board, as a rule, prefers to have--and may request the commodity group itself to suggest--possible long-time solutions to the problem.

The ability and willingness of such a group to carry out suggested solutions is regularly appraised by the board in considering recommendations.

Current Federal price support action permitted in Canada takes two forms: Outright purchases, and price guarantees.

While outright purchase has been the general policy in overcoming marketing difficulties, there have been a number of variations in approaching such purchase. These include: (1) An offer to purchase all of the commodity as produced and offered at a price fixed in advance of production; (2) an offer to purchase up to a limited quantity of the product so as to relieve the market of the surplus until a price adjustment takes place, which may involve the board's undertaking to withhold from the market the purchased portion of the commodity, at least temporarily; (3) the purchase of all offers of the commodity already produced between specified dates, usually towards the close of the marketing year; and (4) the purchase of additional quantities of a product for a buyer's account in order that a sufficient total quantity to relieve the surplus situation in the market may be removed, even though the buyer may obtain a bargain through receiving a larger quantity of the product at a discount price.

Price guarantees or deficiency payments have been used for apples and more recently in a limited way for potatoes. Most of this type of assistance went to Nova Scotia apple growers in 1947 and 1948, but all growers in Canada received indirect benefits from the program through the support rendered surplus production areas. The deficiency payment plan is a guarantee to farmers of a certain price; the Government makes up the difference between the guaranteed price and the average sale price obtained by farmers. The board's policy to date has been to use deficiency payments only where Provincial marketing boards with some experience in handling the commodity have been established by the commodity group concerned.

Wheat Board Act

The Canadian Wheat Board Act of 1935, and amendments, set the Government up as sole first receiver of wheat and coarse grains produced in western Canada for resale. The wheat, oats, and barley program is administered through a three-man Wheat Board (which may have five members) which sets minimum prices (which may in effect act as support prices), establishes grain pools on an annual or other time period basis and exercises compulsory control over the first deliveries of wheat for resale, with the exception of matters relating to quality and grade which are handled by a Board of Grain Commissioners. Farmers receive equitable distribution of surplus funds from annual or other time period pools while losses incurred in the board's marketing transactions are charged to the Government.

Farm price support programs under the Agricultural Prices Support Act cost the Canadian Government about $5,000,000, including administrative expenses from 1946 through March 31, 1949, compared with a total farm production for that period valued at $6,000,000,000. Since that time there has been an additional direct cost of about $5,000,000 as well

as about $5,000,000 paid out by direct vote of Parliament in relation to food contracts or grants in aid.

For the most part, the board has not offered an over-all price support program which would accept a product as produced for market, except in the case of butter, cheese, and more recently bacon (none has been offered). In the case of butter, the board continued into postwar years a policy established under wartime regulations and dealt with a product normally consumed entirely in the domestic market. Temporary marketing adjustments, due to a previous short supply situation in butter and the introduction of margarine for the Canadian consumer with the uncertainties created, seemed to require some stabilizing factor to protect the producer against extreme price fluctuations.

In the case of cheese, a floor price was fixed in advance to December 1949, in lieu of a Government commitment to purchase cheese throughout the 1949 cheese marketing year, in order to fill a contract with the United Kingdom. The cheese contract was filled earlier than anticipated and the Government fulfilled its commitment by arranging for the Agricultural Prices Support Board to continue to purchase any cheese offered at the contract prices for the remainder of 1949. The 1951 cheese support program has been changed to one of offering to purchase any surplus towards the end of the marketing year.

Apples and Potatoes

The Prices Support Board, although established in 1944, began active operations in 1946. Since that time, its programs have included assistance to a number of products under varying circumstances and at different periods. These programs included purchasing operations for potatoes, apples, dried white beans, extracted honey, butter, dry skimmed milk, Cheddar cheese, shell eggs, and bacon. Apples and potatoes are the only major commodities for which deficiency payments have been provided.

The Government attempts to resell the individual commodities obtained through price support purchases in an orderly fashion to receive the highest possible price consistent with minimum market distrubances.

Throughout its operations, the board has attempted to anticipate probable needs by studying situations that would appear likely to lead to requests for action. The Economics Division of the Department of Agriculture, assisted by personnel provided by the board, studies production and marketing trends and keeps the price situation under constant review. Under actual purchase and resale operations, the commodity divisions or boards of the Department of Agriculture are the active agents for the board.

The current Canadian price support program for all farm products calls for special consideration of the individual commodity for which a problem is said to exist, contrasted with the use of a parity or some other formula. The price offered by the board is not necessarily the market price. The advantage of the Canadian procedure of giving commodities proposed for support individual attention compared to a procedure which includes a formula is that it allows for a price decision for each

commodity on the basis of the current domestic and export position and permits the board a greater latitude in arriving at the immediate support price level. A disadvantage from the farmers' point of view may be that it does not in all cases provide a forward price which might be helpful in guiding farmers in their production plans.

Canada is trying to meet its general agricultural marketing and price problems by means of action aimed at: (1) shifting production from time to time to conform to export demand so that an adequate volume of exportable products may be continued; (2) maintaining production facilities for certain commodities during temporary periods of marketing difficulties; and (3) providing some program of assistance to supplement general Government policy during periods of depression.

Dr. J. F. Booth, Associate Director of Marketing Service, Dominion Department of Agriculture, recently summed up the operations of Dominion price support programs like this:

"There is pretty general agreement that the operations of the board to date have been quite successful. Prices of commodities dealt with have been stabilized and producers have been able to market their products without serious price declines that threatened. The stability ensured by purchase programs and guarantees has permitted the trade to purchase with confidence and there is evidence that where declining prices had already resulted in delayed purchases, products have moved freely to market once a stabilized price was obtained."

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NEW CLEANING, DRYING EQUIPMENT RAISES COTTONSEED QUALITY

Preliminary experiments with a new device for drying and cleaning cottonseed show that the seed can be dried and cleaned at gins well enough to improve the grade and market value significantly. The process also results in better storage qualities and improved seed germination, and there is no ill effect on the quality or bleaching properties of the refined oil produced. The drier and cleaner reduced the foreign-matter content of trashy cotton materially, in one instance from 3 percent to 0.3 percent. The rate of increase in free fatty acids in the dried cottonseed was considerably less than in undried seed.

The tests were made at USDA's cotton ginning laboratory at Stoneville, Miss. in a project under authority of the Research and Marketing Act. PMA and the Bureau of Plant Industry, Soils, and Agricultural Engineering cooperated in the tests. The device used is a large-capacity drier comprising perforated cleaning drums equipped for the application of heated air.

Although the results are encouraging, USDA points out that further work is needed on the method and equipment, and that studies must be made of the costs and other economic aspects before definite recommendations can be made for the use of such driers.

The Office of Price Stabilization is fighting inflation. A recent statement by that agency set forth the American farmer's stake in that fight--what inflation means to him, and what he can do to combat it. Because of its interest to farmers and to other people whom farmers interest, the OPS statement is briefed in this issue of Marketing Activities.--The Editor.

Farmers and Stabilization

Farmers play an important part in the Nation's defense program. They produce the food upon which the health and vitality of the Nation depends. Conditions which interfere with production or which weaken the long-term productive ability of agriculture are of concern to every citizen.

The farmer is vitally important to the strength, health, and security of the Nation. The people have recognized that the farmer, as an independent businessman, is subject to greater hazards than many other businessmen. Not only is the farmer subject to ordinary economic risks and the uncertainties of the market place, but he is often beset by natural calamities such as drought, floods, hail storms, and insect pests. The farmer cannot start and stop production by throwing a switch. He must follow the pattern dictated by nature, planting in the spring and harvesting months later in the fall. The growing cycle for livestock is even longer.

Congress has taken steps to stabilize the agricultural economy, assure the farmer a fair share of the national income, and enable him and his family to know the benefits and comforts of modern living. The emergency stabilization program is in line with these basic objectives.

Farmers' Earnings Protected

In the last 10 years farmers have had earnings that enabled them to improve their homes and farms and to raise their living standards. Farm income has increased from 4½ billion dollars in 1940 to 13 billion dollars in 1950. Between 1947 and 1950, farm income went down 27 percent. In 1951, dollar earnings will be back near their 1947 peak, but due to the inflation that occurred before the Office of Price Stabilization price freeze, 1951 earnings will not buy as much as 1947 earnings bought.

The average amount of income per farm has risen from $713 in 1940 to $2,178 in 1950. Price stabilization protects the buying power of those earnings. Inflation would make those earnings buy less.

In recent years many farm families have been able to set aside savings. Farmers now have cash, checking accounts, savings, war bonds, and other financial assets that total more than 21 billion dollars. If the buying power of those savings can be protected, they will provide a substantial amount of security for thousands of farm families.

Farmers spend most of their earnings for food, clothing, machinery, building materials, fertilizer, and seed. Inflation would decrease the amounts of those things their dollars will buy. Between the outbreak of the war in Korea and February 1951, when the OPS began to be effective, farmers' cost of living rose 9 percent. Since February, farm living costs have risen less than 2 percent.

Farm Prices Drop First and Farthest

History shows that when inflationary booms burst, the prices of farm products drop first. They also drop faster and farther than the prices of most other products.

At such times the farmer cannot cut his production to balance with demand as a manufacturer does. For example, between 1929 and 1932, automobile production dropped 75 percent but automobile prices dropped only 16 percent; iron and steel production dropped 83 percent but iron and steel prices dropped only 20 percent. In the same period, farm production dropped only 3 percent but agricultural prices fell 60 percent.

Farmers' markets depend on how much buying power is in the hands of 152 million Americans. If inflation is permitted to undermine the buying power of our people, farmers eventually will sell less and earn less. The prosperity of farmers depends a great deal on how successfully our price stabilization program protects the buying power of all citizens.

Price stabilization protects profitable markets for farm products. Inflation forces all prices up. Prices of farm products rise along with others. But if prices get too high, most people have to buy less of everything. When fewer goods can be bought, production must be cut and fewer people have jobs in factories and stores. As a result, farmers in the long run are able to sell less--and soon they have to sell at lower prices.

The needs and interests of farmers have been considered in planning the present defense program. Ceiling prices cannot be put on farm products until the price received by farmers reaches parity. For this reason many farm products do not now have ceiling prices. No farm product has a ceiling price lower than 100 percent of parity. The ceiling prices of some farm products are above parity.

In the year ahead, price stabilization will help farmers. Pressures to push up prices of the things farmers buy will be greater than the pressures to push up the prices of things farmers sell. Supplies of most farm products are expected to be plentiful. With the exception of a few products like beef and wool, heavy upward pressure on the prices of farm products is not expected.

But large amounts of chemicals, metals, and building materials will continue to be used in the defense program. Without controls, the prices of things made from products like lumber, machinery, barn equipment, hardware, fertilizer, and household appliances would rise. These are

things farmers require, and the upward pressure on many of them will be heavy. That is one reason why price stabilization will benefit farmers.

In the year ahead, the dangers of inflation will be greater than they are now. Defense spending and defense production will go up. We will spend between 55 and 65 billion dollars for defense--more than a billion a week. This means more earnings and more buying power in the hands of the American people. Temporarily it means less of civilian goods.

If prices can be held steady, these extra earnings can go into defense bonds and other savings. When the emergency production program is over, these savings can be used to pay for homes, automobiles, recreation, education, and all the things that make up the better living standards that all Americans want.

Without price controls, inflation would shoot prices up. The extra earnings would have to be wasted on higher prices for the limited supply of machinery, building materials, household appliances, and other goods that we can produce along with the necessary defense equipment.

Every person in every occupation has a big interest in controlling inflation. One man's price is another man's cost. All of us share in the benefits of stable prices. Here is how farmers can help protect the value of their own dollars and their own markets by helping make the price stabilization program work:

1. Produce all you can of needed commodities and help prevent shortages.

2. Pay no more than ceiling prices for what you buy.

3. Never ask more than the ceiling price for what you sell.

4. Buy only what you need.

5. Buy defense bonds and save all you can.

6. Understand your part in the big national purpose of the price stabilization program, and help others to understand.

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INCREASED USE OF FARM MARKET NEWS ON RADIO

More than 1,300 of the 2,200 radio stations in the United States are broadcasting Federal or Federal-State market news daily, according to a survey of all stations. The survey, conducted each year for the last 30 years by USDA, was made to guide USDA's market news services in getting effective dissemination of these reports and to answer inquiries from farmers and agricultural organizations as to which stations carry the various reports.

Record Turkey Crop

Last year's turkey crop broke all records. This year's turkey crop will be 16 percent larger than last year's.

This prospect comes as something of a surprise, considering how farmers felt about turkeys last January. After a 1950 marketing season that brought the lowest turkey prices since 1943 and slightly higher feed prices, farmers expressed their intentions of raising only 1 percent more turkeys in 1951 than in 1950. But turkey prices rose steadily during the hatching season. This price rise looked good when compared with a drop of 12 percent during the same months in 1950, and an average seasonal decrease of 9 percent. Growers took heart and increased their production by about 7 million turkeys over last year.

Production is above last year's all over the country, according to a preliminary estimate of the Bureau of Agricultural Economics. Increases are 39 percent in the South Atlantic States, 15 percent in the South Central States and the West, 14 percent in the East North Central States, 10 percent in North Atlantic States, and 8 percent in the West North Central States. All States except 5 show increases ranging from 4 percent in Kansas to 124 percent in Maine. Increases in the 7 most important States, ranking in numbers raised in the order named, are 14 percent in California, 15 percent in Texas, 7 percent in Minnesota, 56 percent in Virginia, 5 percent in Iowa, 20 percent in Oregon, and 30 percent in Utah. The combined production of these seven States is about 17 percent larger than in 1950 and amounts to about 55 percent of the 1951 turkey crop.

Producers of hatching eggs held more than 3 percent more breeder hens this year, following a fairly profitable year for eggs in 1950. A strong demand for poults all season, extending into June and July, resulted in a long hatching season, a record crop of poults, and a high utilization of eggs produced.

Beltsville White Turkeys Increase

Beltsville White turkeys have been increasing rapidly during the last 2 years to meet a year-round demand for young turkeys 14-17 weeks old weighing 4-8 pounds dressed. To meet this fast-growing demand, Beltsville Whites are now being produced the year round so that they can be sold on the market as fresh-killed young birds. Of all the Beltsville Whites raised in the United States, a large part of them are sold at 4-8 pounds dressed as young roasters, fryers, and broilers, and the rest of the crop, part of the early spring hatch, are raised to 6 or 7 months old for the holiday trade.

In 1951, for the first time, turkey producers were asked to report the number of Beltsville White turkeys being raised. They also reported

the number of Beltsville Whites raised in 1950. These reports show that about 16 percent of all the turkeys being raised this year are Beltsville Whites, compared with 12 percent last year. Beltsville Whites as a percentage of all turkeys raised in 1951 are 40.7 percent in the South Atlantic States, 15.4 percent in the West North Central States, 13.7 percent in the West, 10.6 percent in the North Atlantic States, 9.6 percent in the East North Central States, and 8.0 percent in the South Central States. The number of Beltsville Whites this year is 55 percent greater than the number last year. This increase accounts for about two-fifths of the increase in the total turkey crop this year. Compared with last year, all regions of the country show large increases in the number of Beltsville Whites raised--increases ranging from 24 percent in the East North Central States to 90 percent in the South Atlantic States.

Early Marketings Expected

The trend toward earlier marketings continues. If growers carry out their intentions, they will market about 30 percent of their crop in October or earlier, the heaviest early marketings of record. However, changing economic conditions and high red meat prices may induce some growers to hold on for later marketings. Every year since 1943, growers have marketed fewer turkeys in October or earlier than they had planned at the beginning of the year. A year ago, growers expected to market 26 percent of their birds early, but actually they marketed about 23 percent. Growers slowed up their marketing because prices were relatively low and did not show the usual seasonal rise. Aside from economic considerations, there has been a steady trend toward earlier marketing of turkeys because the early birds are easier to raise, death losses are smaller, and there is less risk of early winter storm losses.

Turkey growers expect to market 36 percent of their crop next November, compared with 39 percent in November 1950. This indicates that growers intend to market about 66 percent of their turkeys before the end of November, compared with 62 percent last year. December markets are expected to account for 27 percent of the crop, compared with 29 percent in 1950. January and later marketings will be 7 percent of the crop compared with about 9 percent last year. These would be the lightest late marketings of record.

Production of early turkeys is increasing in all regions of the country. About 66 percent of the early turkeys sold in 1950 came from the West North Central States and the Western States. The South Atlantic States and the South Central States are increasing in importance, with about 21 percent of the early birds. The Western States produced about 35 percent of the late turkeys marketed in January and later. California alone produced about 27 percent of the Nation's late turkeys, a large part of which are heavy toms that go into the freezers for the hotel and restaurant trade.

The actual marketings of the 1951 crop will depend to a considerable extent on later developments. Demand for turkey meat has been good this year. The net out-of-storage movement of turkeys from February 1 to

August 1 this year amounted to 87 million pounds, compared with 91 million pounds in 1950. Storage stocks of turkeys on August 1 totaled 30 million pounds, compared with 47 million pounds a year ago and the record high storage holdings of 63 million on August 1, 1946. The 30 million pounds in storage on August 1 amounted to about 4 percent of the 1950 turkey sales, compared with 6 percent of sales a year earlier.

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EFFICIENCY OF VARIOUS RAILROAD TRACK ARRANGEMENTS AT MARKETS COMPARED

The costs and relative efficiency of 11 different arrangements of railroad tracks at stores in wholesale produce markets are described in a recently issued USDA report. Tracks represent a major item in the cost of building such facilities, and their arrangement materially affects handling costs--particularly the cost of transporting merchandise from the car door to the stocking point in the store.

PMA research men, who made the study, point out that the efficiency of various track arrangements has long been a subject of debate in the industry. The importance of this factor is shown by estimates, developed in this study, that differences in track arrangement may make the construction of one group of stores with track facilities at a produce market cost twice as much as another group of the same size. A high-cost track system, on the other hand, may be much more efficient for some markets than a system less expensive to install.

Several Arrangements

Using data on costs in Washington, D. C., in 1951, as a basis for estimates, PMA found that it would cost about $250,000 to build a 20-store produce market with a double railway track running parallel to the length of the facility, which is the simplest and lowest-cost arrangement. The track arrangement that costs the most to install would make the market cost about $600,000. Other plans, with spur tracks approaching the building at varying angles, can be followed at costs intermediate between those mentioned.

PMA points out that the study is not designed to recommend one arrangement as superior to others. One plan may be best for one market, and another for another market. The various arrangements are described so that the most suitable can be chosen, with advance knowledge of relative costs and degrees of efficiency. Diagrams of the different track arrangements are included in the report.

The study was made by the Marketing and Facilities Research Branch of PMA. A copy of the report, "The Comparative Efficiency of Various Arrangements of Railroad Tracks at Stores in Wholesale Markets," may be obtained from the Office of Information Services, Production and Marketing Administration, U. S. Department of Agriculture, Washington 25, D.C.

Marketing Briefs

(The Production and Marketing Administration announcements summarized below are more completely covered in press releases which may be obtained on request from the Office of Information, U. S. Department of Agriculture, Washington 25, D. C. by citing the code number given at the end of each item.)

Cotton.--The Export-Import Bank is once again prepared to consider requests for credit to finance the export of cotton from the United States. This type of credit, facilitated by a $100,000,000 revolving fund, has been useful in recent years in moving cotton in world channels of trade, but was not extended last year due to the shortage of the U. S. cotton crop. This year's crop, according to present indications, may be the third largest. (USDA 2062-51)

Dairy Products.--A Federal order to regulate the handling of milk in the North Texas marketing area becomes effective October 1. (USDA 2055-51)... The Duluth-Superior order has been amended to increase the Class I butterfat differential by 12 percent. Another amendment provides for classifying concentrated milk in Class I. (USDA 1989-51)... USDA has recommended changes in the pricing formula for Class II milk under the Fall River, Mass., order. (USDA 2002-51)... USDA has recommended a merger of the Clinton, Iowa and the Quad Cities (Davenport, Iowa and Rock Island, Moline, and East Moline, Ill.) orders. (USDA 2038-51)... The Paducah, Ky. order has been amended to provide for an increase averaging 23.3 cents per hundredweight over the year in the differential affecting the price of Class I milk. (USDA 2041-51)... The Cincinnati order has been amended to include the use of a "supply-demand" factor. Use of this factor will cause Class I and Class II milk (chiefly cream) prices to change automatically as the proportion of Class I milk varies in relation to the market supply of milk. (USDA 2128-51)... Class I and Class II milk price differentials for the Wichita, Kans. area will be increased 35 cents per hundredweight through December under a new amendment to the Wichita order. (USDA 2126-51)... USDA has recommended reinstatement of the "base-excess" pricing provisions in the Milwaukee order. Under this plan, one price would be paid in April, May, and June to dairy farmers for a "base" amount of milk and a separate price would be paid for amounts delivered in excess of the base. (USDA 2157-51).

Fruits and Vegetables.--USDA has suggested a winter vegetable acreage of 281,600 acres for 1952. This suggested acreage is 6 percent higher than the acreage for harvest in 1951, and 5 percent higher than the 1940-49 average. (USDA 2034-51)... An amended marketing agreement and order regulating the handling of dried PRUNES produced in California became effective August 25. The action makes specific provisions for quality control and inspection in the public interest when the season average price exceeds parity. Also provided for are authorization for volume, quality, and size control, and inspection when the price is below parity. (USDA 2039-51)... Offers of 202,830 cases of CANNED GREEN SNAP BEANS have been accepted for delivery from September 17 through

October 17, 1951, for distribution to schools in the National School Lunch Program. (USDA 2204-51)... Inspections of both fresh and processed fruits and vegetables have broken records during the year ended June 30, 1951. Federal and Federal-State inspections of fresh fruits and vegetables reached 1,334,678 carloads (carload equivalent), an increase of 100,000 carloads over the previous year. The processed fruits and vegetables inspection service during the year inspected more than 150 million cases of canned fruits and vegetables; more than 1 million cases of canned marine products; nearly 1 billion pounds of frozen foods; more than 100 million pounds of dried and dehydrated products; and 83 million pounds of other processed products, such as honey and peanut butter. (USDA 2107-51 and USDA 2108-51)... Regulations for carrying out provisions of the Export Apple and Pear Act of 1933 are being revised to conform to recently revised U. S. standards for APPLES that became effective July 23, 1951. The revised regulations, which will become effective October 12, will fix the minimum quality standards for apples for export as the U. S. Utility grade or the U. S. No. 1 Early grade. The present regulations set the minimum quality for apple shipments in export as U. S. Utility or U. S. Utility Early grade. (USDA 2214-51).

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DEFENSE NOTES

Increased supplies of nitrogen fertilizers should be available about the middle of 1952, but phosphate fertilizer prospects are for tight supplies, owing to the continued sulfur shortage. The Army has negotiated a lease for operation of its ordnance facility at Morgantown, W. Va. to a commercial firm, which expects to begin operations not later than March 1952, and to reach full production about 4 months later. Annual capacity of this plant is estimated to be 180,000 to 200,000 tons of nitrogen.

Meanwhile, to expedite further expansion of nitrogen production, USDA has made available to NPA, from agriculture's fourth-quarter 1951 allotment, sufficient steel to permit the beginning of construction of six new synthetic ammonia facilities. These plants are expected to boost domestic nitrogen production by about 250,000 tons annually when they are operating at full capacity. Much of this new production should be available to meet expanded requirements for nitrogen fertilizers, although it is not expected to contribute to 1952 fertilizer supplies.

USDA has estimated that there is a present need for an additional 500,000 tons annually of nitrogen for fertilizer, plus an additional annual increase of 100,000 tons to meet population increase. Further steps are being taken toward realization of this program.

Despite recent optimistic reports, USDA specialists feel that during the next few years agriculture will be faced with shortages, in relation to needs, of all materials in which sulfur is used.

The following publications, issued recently, may be obtained upon request. To order, check on this page the publications desired, detach and mail to the Production and Marketing Administration, U. S. Department of Agriculture, Washington 25, D. C.

Publications:

Preparing Peaches for Market. FB-1702. Revised May 1951. 23 pp. (PMA) (Printed)

U. S. Grades for Beef. Leaflet No. 310. June 1951. 6 pp. (PMA) (Printed)

Refrigerated Storage for School Lunch Programs. July 1951. 15 pp. (PMA) (Printed)

Marketing Facilities for Farm and Related Products at San Juan, Puerto Rico. Agriculture Information Bulletin No. 60. June 1951. 169 pp. (PMA in cooperation with Dept. of Agriculture and Commerce, Government of Puerto Rico) (Printed)

Improving Soybean Marketing Through Farm Storage. June 1951. AIB-57. 28 pp. (PMA) (Printed)

The Cotton Loan Program. PA-180. September 1951. 4 pp. (PMA) (Printed)

Some Domestic Cotton Diversion Programs. August 1951. 27 pp. (PMA) (Processed)

Consumer Buying Practices for Selected Fresh Fruits, Canned and Frozen Juices, and Dried Fruits, Related to Family Characteristics, Region, anc City Size, April - September. August 1951. 83 pp. (Bureau of Agricultural Economics and PMA) (Processed)

Consumer Purchases of Selected Fresh Fruits, Canned and Frozen Juices, and Dried Fruits in July 1951. August 1951. 22 pp. (PMA and BAE) (Processed)

A Mechanical Cotton Fiber Blender for Use in Fiber Testing Laboratories. August 1951. 24 pp. (PMA) (Processed)

Fiber and Spinning Test Results for Some Varieties of Cotton Grown by Selected Cotton Improvement Groups, Crop of 1951. August 1951. 7 pp. (PMA) (Processed)

Cottonseed Prices: A Preliminary Study. August 1951. 33 pp. (PMA) (Processed)

Digest of Poultry Grading and Inspection Regulations, Standards, and Grades. August 1951. 17 pp. (PMA) (Processed)

Regulations Governing the Grading and Inspection of Poultry and Edible Products Thereof and United States Specifications for Classes, Standards, and Grades With Respect Thereto. Effective July 1, 1951. 19 pp. (PMA) (Printed)

Regulations Governing the Grading and Inspection of Domestic Rabbits and Edible Products Thereof and United States Specifications for Classes, Standards, and Grades With Respect Thereto. Effective July 1, 1951. 11 pp. (PMA) (Printed)

United States Standards for Grades of Canned Sweetpotatoes, Effective July 9, 1951. 10 pp. (PMA) (Processed)

United States Standards for Grades of Canned Green Beans and Canned Wax Beans, Effective July 16, 1951. 28 pp. (PMA) (Processed)

U. S. Standards for Shelled Almonds, Effective August 23, 1951. July 30, 1951. 10 pp. (PMA) (Processed)

U. S. Standards for Almonds in the Shell, Effective August 23, 1951. July 30, 1951. 5 pp. (PMA) (Processed)

U. S. Standards for Pecans in the Shell, Effective October 1, 1951. June 28, 1951. 6 pp. (PMA) (Processed)

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